

## **Committee: Standards and General Purposes**

**Date: 12 March 2020**

Wards:

**Subject: : Anti Money laundering policy review**

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Lead member: Peter McCabe Chair

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### **Recommendation:**

- **That Members comment and approve the revised Anti money laundering policy**

#### **1. Purpose of report and executive summary**

- 1.1 The regular review of the codes ensures that they continue to be fit for purpose and is aligned to both legislative changes and operational changes to this Council service delivery. The Anti-fraud and Anti-corruption Strategy sets out the Council's position for preventing fraud and corruption.
- 1.2 This report provides an update on a review of the arrangements in place to minimise the Council's risk of exposure to Money Laundering, as a support to the Anti-fraud and Anti-corruption Strategy. Agreement this review will also ensure that there is suitable alignment of codes and procedures in place.
- 1.3 This review confirms the Councils' arrangements for Money Laundering Prevention measures are currently proportionate to the risks associated with the prevention of money laundering, and comply with Government Guidance

#### **2 INTRODUCTION**

- 2.1 Best practice requires that all codes are subject to regular review to ensure that they remain effective. Following a 2017 amendment to the Money Laundering Regulations the procedures in place for addressing Money Laundering prevention measures have been reviewed.

#### **3. MONEY LAUNDERING PREVENTION**

- 3.1 Money laundering is defined as the process of moving illegally acquired cash through financial systems so that it appears to be from a legitimate source. It is interpreted very widely and includes possessing, or in any way dealing with, or concealing, the proceeds of any crime.

- 3.2 The recent amendment to the Money Laundering Regulations has placed an enhanced duty upon organisations to identify their potential risk to Money Laundering, to have clear documented control processes in place to help prevent exposure, and to have defined reporting mechanisms in place should Money laundering be suspected. These arrangements need to be supported by guidance and training.
- 3.3 The Councils' arrangements for addressing Money Laundering are incorporated within a code, attached at [Appendix A](#). The Code outlines the arrangements in place that will:
- Assist with ensuring that suitable policies, procedures and controls exist to mitigate the risk of money laundering and terrorist financing
  - Support the application of a risk management approach to detecting and preventing risk of money laundering and terrorist financing to help inform the level of risk associated with particular business relationships and transactions in order to enable appropriate risk based decisions about clients and retainers.
  - Ensure all necessary steps to communicate this code and train staff in relation to identification and prevention of money laundering offences.
- 3.4 The code has been reviewed and amended to take into account the enhanced organisational duties brought about by the 2017 amendment to the Money Laundering Regulations.
- 3.5 The updates are :-
- Reference to complete regular, documented, risk assessments of the organisations exposure to money laundering and terrorist financing.
  - Updating the reference to the Serious Organised Crime Agency (SOCA) to the National Crime Agency (NCA)

## **4 CONCLUSION**

- 4.1 The Council's arrangements are currently proportionate to the risks associated with bribery and the prevention of money laundering, and comply with Government Guidance. To ensure that this continues, these arrangements will be regularly monitored and improved if required, and these codes will be subject to a full review at least every three years.

## **5. ALTERNATIVE OPTIONS**

- 5.1 None for the purposes of this report.

## **6 CONSULTATION UNDERTAKEN OR PROPOSED**

6.1 None for the purposes of this report

## **7 TIMETABLE**

7.1 None for the purposes of this report.

## **8 FINANCIAL, RESOURCE AND PROPERTY IMPLICATIONS**

8.1 None

## **9 LEGAL AND STATUTORY IMPLICATIONS**

9.1 MONEY LAUNDERING REGULATIONS

## **10. HUMAN RIGHTS, EQUALITIES AND COMMUNITY COHESION IMPLICATIONS**

10.1 Effective and timely auditing and advice enables Departments, Voluntary Organisations and Schools to provide quality services to their clients. These client groups are often vulnerable members of the community, e.g. elderly people, disabled people, asylum seekers, members of staff and voluntary organisations. The audit service helps to identify weak financial management and sometimes reflects weaknesses in other operational systems such as quality and ethnic monitoring. Audit, therefore, has a crucial role in ensuring that Council resources are used to enable a fair access to quality services.

## **11 CRIME AND DISORDER IMPLICATIONS**

11.1 There are no specific crime and disorder implications arising from this report.

## **12 RISK MANAGEMENT AND HEALTH AND SAFETY IMPLICATIONS**

12.1. To comply with the new requirement under the Money Laundering Regulations, for a documented risk assessment (regulation 18) to identify and assess the Councils risk of money laundering and terrorist financing, an audit will be completed in the first part of 2020.

12.2 The audit will seek to identify the Councils' risk exposure to money laundering and to highlight any additional training requirements or guidance required.

Appendices – the following documents are to be published with this report and form part of the report

- APPENDIX A – ANTI MONEY LAUNDERING POLICY

### **BACKGROUND PAPERS**

- i. Documents held in Internal Audit Files

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